

Industrial Commission

Analyst: Bybee

Historical Summary

OPERATING BUDGET	FY 2007 Total App	FY 2007 Actual	FY 2008 Approp	FY 2009 Request	FY 2009 Gov Rec
BY PROGRAM					
Compensation	5,191,900	4,305,400	5,132,200	5,642,300	5,711,500
Rehabilitation	3,626,600	3,295,900	3,641,800	3,817,200	3,912,400
Crime Victims Compensation	4,037,100	3,910,400	4,049,500	4,331,200	4,286,400
Adjudication	2,010,400	1,723,900	2,077,300	2,250,500	2,277,200
Total:	14,866,000	13,235,600	14,900,800	16,041,200	16,187,500
BY FUND CATEGORY					
Dedicated	14,015,400	12,386,500	14,050,200	15,156,800	15,303,100
Federal	850,600	849,100	850,600	884,400	884,400
Total:	14,866,000	13,235,600	14,900,800	16,041,200	16,187,500
Percent Change:		(11.0%)	12.6%	7.7%	8.6%
BY OBJECT OF EXPENDITURE					
Personnel Costs	7,290,100	6,925,400	7,730,100	8,295,700	8,501,100
Operating Expenditures	3,014,000	1,694,200	2,762,400	2,954,100	2,888,500
Capital Outlay	274,800	352,300	121,200	216,900	223,400
Trustee/Benefit	4,287,100	4,263,700	4,287,100	4,574,500	4,574,500
Total:	14,866,000	13,235,600	14,900,800	16,041,200	16,187,500
Full-Time Positions (FTP)	139.50	139.50	139.50	141.50	140.50

Department Description

The Industrial Commission was established in 1918 to ensure that Idaho's Workers' Compensation Law is impartially and efficiently administered. The commission encourages safe working environments, prompt and accurate benefit payments, timely dispute resolution, and quality vocational rehabilitation services. The commission maintains files of all industrial accidents and illnesses and keeps records of employers and their workers' compensation insurance companies.

The COMPENSATION PROGRAM includes benefits administration, employer compliance, fiscal, information systems, and the human resources section. Responsibilities of the Compensation Program include evaluating insurance carriers and employers wishing to become self-insured; enforcing the coverage requirements; and monitoring benefit payments. This program also funds the Logging Safety and Industrial Safety Programs at the Division of Building Safety. The Logging Safety Program seeks to improve safety in logging operations across the state. Industrial Safety provides inspections of state, school district, county and city facilities to ensure safe working conditions.

The REHABILITATION PROGRAM is a neutral party that supports a worker's medical recovery and assists in reducing their period of temporary disability resulting from an industrial injury. This program facilitates returning the worker to gainful employment at as close as possible to their pre-injury status and wage. The Rehabilitation Program is concerned with both physical and vocational rehabilitation with special emphasis on job placement. Consultants serve injured workers from eleven field offices across the state.

The CRIME VICTIMS COMPENSATION PROGRAM was established in 1986 to help offset the out-of pocket expenses incurred by innocent victims of crime. Benefits are paid only for costs such as medical and mental health care, lost wages, loss of support, and funeral expenses up to a maximum of \$25,000 per victim per crime. Property damages are not eligible. Funds are generated by surcharges on convictions or pleadings of guilt. Certain restitution and prison payment programs are also directed to the fund.

The ADJUDICATION PROGRAM consists of three commissioners appointed by the Governor who sit as a judicial body to hear and adjudicate disputes arising between injured workers and employers, and to provide judicial review of decisions from the Department of Commerce and Labor. The commission also provides a mediation process that is available at any stage of the claim to assist the parties in reaching a successful resolution of a dispute.

Industrial Commission Agency Profile

Analyst: Bybee

Sources of Funds	FY 2005 Expenditures	FY 2006 Expenditures	FY 2007 Expenditures	FY 2008 Appropriation	FY 2009 Request
1. Industrial Administration Fund:					
(0300-00)	\$8,665,800	\$9,205,000	\$9,325,500	\$10,810,700	\$11,477,000
Derived from 2.5% tax on workers' compensation insurance policy premiums from every surety and self-insurer and other miscellaneous fees. Used to fund the Compensation, Rehabilitation, and Adjudication programs. Also used for Industrial Safety and Logging programs in the Division of Building Safety.					
2. Crime Victims Compensation:					
(0313-00)	\$2,217,900	\$2,202,300	\$3,068,700	\$3,204,000	\$3,451,900
All persons convicted of misdemeanors or felonies pay a fine of \$25 for misdemeanors, \$50 for felonies, and an additional \$200 for any sex offense. These moneys are transmitted by the counties to the State Treasurer for deposit in this fund and are used to compensate victims of crime or their dependents for medical, mental health counseling, lost wages and burial (if applicable) expenses incurred directly as a result of being victimized. Maximum amount of \$25,000 per victim per crime.					
3. Federal Grant:					
(0348-00)	\$613,700	\$834,300	\$849,000	\$850,600	\$884,400
Crime victim funds from the Department of Justice and Census of Fatal Injuries funds from U.S. Department of Labor, Bureau of Labor Statistics					
4. Miscellaneous Revenue:					
(0349-00)	\$20,800	\$24,900	\$25,500	\$35,500	\$36,100
Seminar receipts for commission-sponsored workers' compensation seminars. Pays for the cost of conducting seminars and certification programs.					
5. Police and Detention Officer Disability Fund: (0312-00)	\$0	\$0	\$0	\$0	\$191,800
This new fund was created in the 2007 Legislative session by SB 1123. Its purpose is to provide a full salary to employees in certain dangerous occupations (police and detention officers) who have been injured on the job. The fund is generated by an additional fine of \$3.00 imposed on persons found guilty of criminal activity, as well as any other source of moneys including appropriations, gifts, grants, and donations. The fund is subject to appropriation.					
Total FY 2009 Request:					\$16,041,200

Industrial Commission

Agency Profile

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Selected Measures

CASE MANAGEMENT/SERVICES PROVIDED	FY 2004	FY 2005	FY 2006	FY 2007
COMPENSATION PROGRAM				
Workers' Compensation Claims Filed	42,352	42,344	44,622	44,322
Medical Only	35,748	35,796	38,039	37,414
Time-Loss	6,559	6,501	6,520	6,872
Impairment Only	10	1	27	N/A
Fatalities	35	47	36	36
Cases Referred to Investigator	6,179	6,435	6,804	7,711
Cases Brought Into Compliance	2,653	2,667	2,601	2,233
REHABILITATION PROGRAM				
Cases Rehabilitated (Workers Returned to Work)	1,405	1,439	1,480	1,617
CRIME VICTIMS COMPENSATION				
Crime Victims Claims Filed	1,757	1,912	2,000	2,420
Decisions Made	1,391	1,389	1,867	2,321
Awards	1,115	1,096	1,427	1,697
Denials	275	293	440	623
Crime Victims Compensation Paid	\$2.15M	\$2.24M	\$2.35M	\$3.18M
ADJUDICATION				
Workers' Compensation Complaints Filed	1,223	1,248	1,112	995
Workers' Compensation Hearings Held	123	113	120	117
Mediations Held*	468	486	425	442
Successful Mediations*	632	851	830	811
Unemployment Decisions Issued (Including Reconsiderations)	703	668	578	472
<i>*Each "mediation held" can include more than one claim. "Successful mediations" are counted by claim, so the number of successful mediations generally exceeds the number of mediations held.</i>				

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2008 Original Appropriation	139.50	0	14,900,800	139.50	0	14,900,800
Non-Cognizable Funds and Transfers	0.00	0	0	0.00	0	0
FY 2008 Estimated Expenditures	139.50	0	14,900,800	139.50	0	14,900,800
Removal of One-Time Expenditures	0.00	0	(121,200)	0.00	0	(121,200)
FY 2009 Base	139.50	0	14,779,600	139.50	0	14,779,600
Benefit Costs	0.00	0	321,700	0.00	0	317,200
Inflationary Adjustments	0.00	0	175,700	0.00	0	127,400
Replacement Items	0.00	0	196,000	0.00	0	214,000
Statewide Cost Allocation	0.00	0	108,900	0.00	0	108,900
Change in Employee Compensation	0.00	0	63,500	0.00	0	317,500
FY 2009 Program Maintenance	139.50	0	15,645,400	139.50	0	15,864,600
1. Referee Salary Increase	0.00	0	88,100	0.00	0	88,100
2. Crime Victims Program Specialist	1.00	0	60,400	0.00	0	0
3. Remote Access Data	0.00	0	11,200	0.00	0	11,200
4. Secure File Transfer & Backup Software	0.00	0	12,500	0.00	0	0
5. Financial Technician	1.00	0	223,600	1.00	0	223,600
FY 2009 Total	141.50	0	16,041,200	140.50	0	16,187,500
Change from Original Appropriation	2.00	0	1,140,400	1.00	0	1,286,700
% Change from Original Appropriation			7.7%			8.6%

Industrial Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2008 Original Appropriation	139.50	0	14,050,200	850,600	14,900,800

Non-Cognizable Funds and Transfers

Compensation, Rehabilitation

Transfer one FTP to the Compensation Division from the Rehabilitation Division.

Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0

FY 2008 Estimated Expenditures					
Agency Request	139.50	0	14,050,200	850,600	14,900,800
Governor's Recommendation	139.50	0	14,050,200	850,600	14,900,800

Removal of One-Time Expenditures

Remove funding provided for one-time items.

Agency Request	0.00	0	(121,200)	0	(121,200)
Governor's Recommendation	0.00	0	(121,200)	0	(121,200)

FY 2009 Base					
Agency Request	139.50	0	13,929,000	850,600	14,779,600
Governor's Recommendation	139.50	0	13,929,000	850,600	14,779,600

Benefit Costs

Reflects \$2,075 per position or a 29% increase in employer-paid health insurance premiums from \$7,125 to \$9,200 per year. This increase is artificially inflated since the rates have been frozen for the last two years, with increases being covered from reserves.

Agency Request	0.00	0	321,700	0	321,700
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The Governor recommends funding the employer increase in health insurance, and does not remove the funding for their PERSI rate increase that was included in the request. Recently, the PERSI Board voted not to increase the contribution rate for the upcoming fiscal year. In addition, for this agency the Governor recommends that the Division of Human Resources (DHR) fee be reduced by 35% for classified positions, from 0.615% of gross salary to 0.4%, because it has been granted delegated authority by DHR.

Governor's Recommendation	0.00	0	317,200	0	317,200
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Inflationary Adjustments

This inflationary adjustment is arrived at by subtracting one-time funding and statewide allocation plan costs from the base and calculating a customized increase for all remaining operating costs. This increase is a flat 2.0% increase above base operating expenditures.

Agency Request	0.00	0	141,900	33,800	175,700
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Inflationary increases are provided only for contractual obligations such as leased space costs. Other inflationary requests are not recommended. The Governor has recommended \$127,400 for medical inflation for this decision unit.

Governor's Recommendation	0.00	0	93,600	33,800	127,400
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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Replacement Items

The commission is requesting the following replacement items with costs allocated between all programs: four ethernet switches (\$60,000 each/ \$240,000 total); an LCD projector for \$1,800; and one server for \$7,000.

Compensation: Replacement items include one color printer for \$2,000; four monochrome printers (\$2,200 each/ \$8,800 total); 10 desktop computers (\$1,000 each/ \$10,000 total).

Rehabilitation: Replacement items include two vehicles (\$16,000 each/ \$32,000 total); five desktop transcribers (\$2,500 total); seven dictators (\$3,600 total); three office servers (\$7,000 each/ \$21,000 total); 23 personal computers (\$1,000 each/ \$23,000 total); and one laptop for \$2,500.

Crime Victims Compensation: Replacement items include one laptop for \$1,500; three credenzas (\$525 each/ \$1,600 total); five desks (\$750 each/ \$3,700 total); and miscellaneous office equipment for \$2,600.

Adjudication: Replacement items include 12 personal computers (\$1,000 each/ \$12,000 total) and two adjudication commissioner's printers (\$200 each/ \$400 total).

Agency Request	0.00	0	196,000	0	196,000
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The Governor recommends \$18,000 in additional funding for a statewide vehicle fleet management initiative to convert as many vehicles as possible to hybrid or other fuel efficient/low emission vehicles. These additional funds may only be used to implement the Governor's Fossil Fuel/Greenhouse Gases Initiative. Any unspent funds appropriated for this purpose will be reverted at year-end, regardless of funding source.

Governor's Recommendation	0.00	0	214,000	0	214,000
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Statewide Cost Allocation

This decision unit reflects statewide cost allocation for Attorney General fees of \$84,200; risk management cost increases of \$16,000; Controller's fees of \$8,400; and State Treasurer fees of \$300.

Agency Request	0.00	0	108,900	0	108,900
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Governor's Recommendation	0.00	0	108,900	0	108,900
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Change in Employee Compensation

Agencies were instructed to input a CEC based on a 1% calculator.

Agency Request	0.00	0	63,500	0	63,500
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The Governor recommends a compensation increase of 5% to be distributed based on merit.

Governor's Recommendation	0.00	0	317,500	0	317,500
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FY 2009 Program Maintenance

Agency Request	139.50	0	14,761,000	884,400	15,645,400
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Governor's Recommendation	139.50	0	14,980,200	884,400	15,864,600
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1. Referee Salary Increase

Adjudication

The Industrial Commission requests a market adjustment pay raise for its seven attorneys classified as Referees. This request is for \$72,800 for salaries and \$15,300 for benefits. The Commission has experienced 28% turnover of Referees during the first two months of FY08 while two of the remaining five are actively seeking alternate employment. The Commission states that employees cite low pay as the reason for seeking alternate employment and an increase in salary for the classification is necessary to keep up with the market demand for attorneys. [ongoing]

Agency Request	0.00	0	88,100	0	88,100
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Governor's Recommendation	0.00	0	88,100	0	88,100
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Industrial Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
2. Crime Victims Program Specialist					
Crime Victims Compensation					
The Industrial Commission requests a full-time Program Specialist position. This position will assist in recovering money from offenders having outstanding debts in criminal and civil court. This position will share duties with an incumbent already in this position and those duties will include monitoring pending restitution and subrogation cases while implementing enhancements to maximize recovery. In addition, the Program Specialist will perform supervisory duties. The Industrial Commission has seen significant increases in the number of cases filed and this request will help alleviate some of those pressures. This request is for \$55,900 ongoing funding and \$4,500 one-time funds.					
Agency Request	1.00	0	60,400	0	60,400
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
3. Remote Access Data					
Compensation					
The Industrial Commission requests funding for remote computer access for Employer Compliance Investigators. The Commission states that investigators work an average of 70% of the time in the field and information used changes frequently. This request would allow investigators to view current information and answer customer and internal email efficiently. This request is for \$9,600 ongoing funding and \$1,600 one-time funding.					
Agency Request	0.00	0	11,200	0	11,200
Governor's Recommendation	0.00	0	11,200	0	11,200
4. Secure File Transfer & Backup Software					
Entire Division					
The Industrial Commission requests funding for a secure file transfer service to facilitate the exchange of electronic data between the Commission and workers' compensation business partners. The Commission states this service will provide a standard method to exchange data with business partners, while protecting confidentiality. This request is for \$1,500 ongoing funding and \$11,000 one-time funding.					
Agency Request	0.00	0	12,500	0	12,500
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
5. Financial Technician					
Compensation, Crime Victims Compensation					
The Industrial Commission requests one full-time position that will assist in recovering money from offenders who have outstanding debts through the Crime Victims Compensation Program. This position will assist in debt collection, restitution, and collection for the peace officer and detention officer disability fund. When this new fund was created, administration for the fund was not created and as a result, the agency is requesting personnel to oversee collections for the fund. Half of the duties for this FTP will be spent in the Crime Victims Compensation Program paying restitution and subrogation recovery to clients. While the other half will be with the Compensation Program for the peace officer and detention officer disability fund. This request is for \$55,800 ongoing funds for personnel costs and \$3,900 one-time funding, the remaining \$160,000 in this request will be expended as Trustee and Benefit payments to disabled peace and detention officers. Personnel costs will be split between Compensation and Crime Victims Compensation.					
Agency Request	1.00	0	223,600	0	223,600
Governor's Recommendation	1.00	0	223,600	0	223,600
FY 2009 Total					
Agency Request	141.50	0	15,156,800	884,400	16,041,200
Governor's Recommendation	140.50	0	15,303,100	884,400	16,187,500
Agency Request					
Change from Original App	2.00	0	1,106,600	33,800	1,140,400
% Change from Original App	1.4%		7.9%	4.0%	7.7%
<i>Governor's Recommendation</i>					
Change from Original App	1.00	0	1,252,900	33,800	1,286,700
% Change from Original App	0.7%		8.9%	4.0%	8.6%